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SUBJECT: UPDATE ON BMENA ENTREPRENEURSHIP CENTER

Classified By: Charge d'Affaires Susan L. Ziadeh for reasons 1.4 (b) and (d)

1. (C) Summary. Ministry of Finance Economic Planning Director Yousif Humood and MFA Bilateral Relations Director Dhafer Al Umran told NEA/PI TDYer and Econoff August 16 that the GOB has concerns about funding for the proposed Broader Middle East and North Africa (BMENA) Entrepreneurship Center in Bahrain and believes that the Center needs a new building. They called for broad G8 financial support for the initiative. While the Bahraini government is pleased with the business plan prepared by MEPI contractor Beyster, Al Umran requested a more comprehensive business plan for the Center, to include plans for construction. The officials declined to issue an invitation to Beyster expert David Mosby to begin work in Bahrain in near term, saying that decisions on a building and fund-raising had to be made first. While we have heard repeatedly from Bahraini officials about their strong interest in a building for the Center, this is the first time they have slowed down the process on other aspects of the Center until the question of a building is addressed. The Embassy is seeking clarification with more senior GOB officials. End Summary.

GOB CONCERNS

2. (U) NEA/PI TDYer and EconOff met on August 16 with Ministry of Finance Director of Economic Planning Yousif Humood and MFA Director of Bilateral Relations Dhafer Al Umran to discuss the proposed BMENA Entrepreneurship Center. In response to EmbOffs' question about the status of the draft business plan, Humood said that he needed some clarifications and had some doubts about the initiative. He called for a clearer financial commitment from the G8 so that the Center is not viewed as a U.S.-Bahrain initiative only. Humood noted that there is room for the Center to be housed temporarily--for two or three years--in the Bahrain Institute for Banking and Finance (BIBF), but the Center should eventually be separate from BIBF. Humood said that the GOB could make a partial contribution for a permanent building, but did not discuss specifics.

3. (C) Humood continued that the GOB wants to see the Center in operation as soon as possible and seeks to attract a strong commitment from the G8 and Gulf region so the initiative does not fail. The GOB is pleased with the Beyster business plan and feels that it will complement existing small-business programs in Bahrain. However, its focus on just the curriculum is not enough to present the GOB's vision for the Center to potential donors. He also expressed concern about the first-year funding gap of some \$400,000. (Note: The UK Embassy has indicated it will recommend that HMG fund the salary of the Bahraini director of the Center.)

4. (U) NEA/PI TDYer recommended that the GOB use the finalized Beyster business plan to approach the G8 for potential funding. He said the BIBF could be a good starting point for the first few years, and that it would be helpful for Beyster expert David Mosby to begin work soon so that Bahrain could demonstrate to potential donors before and during the November Forum for the Future that programs are already underway.

A NEW BUILDING THE ENTREPRENEURSHIP CENTER?

5. (C) Humood said that the GOB had discussed the initiative with French and Japanese diplomats in Bahrain, who had expressed interest but made no clear commitments. He noted that "some G8" officials have said that the Entrepreneurship Center would duplicate existing programs that they are already funding. He stated that the Center needed new construction because of limited space at BIBF, and that a "state-of-the-art building" for the Center had been a part of initial discussions to showcase that it is a G8 initiative.

6. (C) Al Umran asked for USG assistance in developing an overall study of the entire project that would include information from the existing business plan and plans for the

building. The GOB would use this plan to approach other G8 nations. He said that the Foreign Minister would have to announce progress on the Center at the Forum, and that "classes at BIBF is not what was agreed to. Funding teachers for the Center is not the project." Al Umran called for the G8 to make commitments by the time of the Forum to construct a home for the Center and said that if we start with classes before a building is constructed, "the G8 will say it's not necessary, and it will die." Al Umran and Humood both said that a decision needs to be made on the construction issue before any other steps can be taken.

17. (C) EmbOfs encouraged the GOB to approach the G8 with the existing business plan and to get activities underway as soon as possible, starting with an invitation to Mosby to come to Bahrain. Humood said it was up to MFA to issue an invitation to Mosby, and Al Umran was noncommittal. Al Umran said that decisions regarding the building and fund-raising had to be made so that Mosby could "eventually" be invited. Both also noted that in September many MFA and Finance officials would be in the U.S. for UNGA and fall Bank/Fund meetings, making Mosby's arrival difficult.

18. (C) Comment. The GOB believes that a new signature building will attract G8 and regional contributions to the BCEE, despite our emphasis that it is training activities that are more likely to show that the Entrepreneurship Center is a worthwhile initiative. Moreover, despite GOB concerns about lack of funding for the project, its proposal for a new site for the Center would add significant costs in the first year and detract energy from getting programs underway. At this point, it is unclear if the GOB intends to hold up development of the Center until it can obtain commitments to fund a building. Post is seeking further clarification with more senior GOB officials.

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